

**DETERMINANT OF NOKIA'S USERS LOYALTIES  
(CASE STUDY ON SOCIETIES OF AIR SIMPANG VILLAGE, KETAHUN  
SUBDISTRICT, BENGULU UTARA)**

**Novilia, Andi Azhar**

Universitas Muhammadiyah Bengkulu  
novilia1995@yahoo.co.id, andiazhar@umb.ac.id

***Abstract.***

*This study aimed to analyze the impact of the quality and price perception to the loyalty of Nokia mobile phone users in the Air Simpang Village. Ketahun Subdistrict, Bengkulu Utara. The primary data used in this study was obtained from a questionnaire distributed to 318 people who meet the criteria respondent sample. The results showed that the quality of the product has positive effect on customer loyalty, and price has a positive effect on customer loyalty. Based on regression testing, the independent variable that most influence on customer loyalty of mobile phone users in the Water Village Simpang is the price.*

**Keywords:** Loyalty; Quality; Price; Bengkulu Utara

***Abstrak.***

*Penelitian ini bertujuan untuk menganalisis pengaruh persepsi kualitas dan harga, terhadap loyalitas pengguna handphone Nokia di Desa Air Simpang Kec. Ketahun Kab. Bengkulu Utara Prov. Bengkulu. Data primer yang digunakan dalam penelitian ini diperoleh dari kuesioner yang disebarkan kepada 318 orang responden yang memenuhi kriteria sampel. Hasil penelitian menunjukkan bahwa kualitas produk berpengaruh positif terhadap loyalitas pelanggan, dan harga berpengaruh positif terhadap loyalitas pelanggan. Berdasarkan Uji Regresi Variabel bebas yang paling berpengaruh terhadap loyalitas pelanggan pengguna handphone di Desa Air Simpang adalah harga produk.*

**Kata Kunci:** Loyalitas; Kualitas; Harga; Bengkulu Utara

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## INTRODUCTION

The development and advancement of technology, the business world is required to be always able to compete in terms of improving the quality of goods and services. One of these technological advances is communication. Requirement of information that needed is very quickly and easily make the producers to innovate by creating a practical communication tools, one of which is creating a mobile phone.

Currently, the development of mobile technology is rapidly increase, either sophistication of facilities as well as its features and continuously improved to satisfy the owner. Many brands of cell phones today that have been circulating in Indonesia, such as: Nokia, Samsung, Sony Ericsson, BlackBerry, and others. Each brand launched many models or series are varied. In choosing a product, consumers consider several factors such as price, design, quality, brands, and others.

Nokia is one brand of phone that has a good ranking in the mobile phone sales by the Indonesian people in general. Nokia was first created in Finland, and has started operation since 1980. Nokia has managed to lead in the market, and Nokia's business has grown in all countries to fulfill the customer needs and the telecommunication industry developments in these countries, including Indonesia. It is unfortunate that Nokia is already well known in Indonesian mobile market, recently experienced a decline in sales as a result of free trade between Indonesia and China. In addition to competing with the Chinese mobile phone products, Nokia's top position is now threatened by the other brands that are growing rapidly which is like Apple, armed with newer technology system and more sophisticated that begin to shift the Nokia's position.

Consumers have a desire to change in product usage. Brand switching phones are common symptoms among young consumers as well as consumers in general. Based on the background, which is described above, the formulation of the issues examined in this study i.e. (1) is there any influence product quality to loyalty? (2) Is there any influence on the price to loyalty? The research objective that be achieved is to determine the effect of product quality and price to loyalty. The results of this study are expected to provide benefits to the various

stakeholders. For producers, these results are expected to be useful for mobile phone businesses to determine the right strategy among competition. For the researchers, this study is useful as reference material for further research that want to conduct a future research in the same field.

The hypothesis in this study i.e. H1: The better of quality product (X), the higher customer loyalty to a product (Y). H2: The more reasonable price of a product (X), the higher customer loyalty to a product (Y). Limitation of the study is conducted on Nokia and mobile products with a limited number of respondents. The study was confined to product quality variable and price to the Nokia mobile phone customer loyalty.

## METHOD

Sugiyono (2007) suggested that the framework is a conceptual model on how theory relates to a variety of factors that have been identified as an important problem. A good framework would explain theoretically the relationship between the variables to be studied. So theoretically, it is necessary to explain the relationship between independent and dependent variables. According to the American Marketing Association (AMA) cited by Kotler and Lane (2007), defined that marketing management as the art and science of choosing target markets and getting, keeping and growing customers to create, deliver, and communicating the superior of customer value.

Quality is an important policy for improving the products competitiveness which must give satisfaction to the consumer that exceed or at least equal to the competitor products quality. Price is the amount of money required as a means of exchange to obtain a combination of products and services. Customer loyalty is a customer standard to brand interest. This study uses a number of statements with a scale of 5, which indicate agree or disagree with the statement such as: 1 = strongly agree, 2 = agree, 3 = neutral, 4 = disagree, 5 = strongly disagree.

This scale is used for research which focused on respondents and object. So researchers can learn how the different responses from each respondent. The research variables are basically everything that have the form what is defined by

the researchers to be studied so that the obtained information about it, then drawn the conclusion (Sugiyono, 2007). The variables used in this study i.e. Nokia's loyalty users (dependent variable). The independent variable in this study consisted of two variables i.e. the product quality ( $X_1$ ) and price ( $X_2$ ). Population is the generalization region consisting of objects or subjects that have certain qualities and characteristics defined by the researchers to learn and then drawn conclusions. This study used the whole community Air Simpang Village, Ketahun Subdistrict, Bengkulu Utara as a research population numbering 1,560 people per April 2015. Samples are part of the number and characteristics possessed by this population (Sugiyono, 2007). The sample is a part of the population is taken through the particular ways that also has the characteristics of a specific, clear and complete which is considered to represent the population. From the calculation, it can be seen that the number of samples are used in this study were 318 respondents.

## DISCUSSION

Respondents in this study are the Nokia mobile phone users. The general profile of the respondents as the research object one by one can be described as the following sections: Based on the results of the study illustrate that respondents gender can be seen in Table 1 as follows:

**Table 1. Respondents by Gender**

<b>Gender</b>	<b>Total</b>	<b>Percentage (%)</b>
Female	166	52.2
Male	152	47.8
Total	318	100.0

Sources: Primary data are processed, 2015

Table 1 showed that respondents with female gender more than respondents with male gender. Respondents to the female gender as much as 166 or 52.2% and the percentage of respondents with male gender as 152 or 47.8%. Based on the results of the study illustrate that respondents' job that can be seen in Table 2 as follows:

**Table 2. Respondents by Job**

<b>Job Type</b>	<b>Total</b>	<b>Percentage (%)</b>
School Student	62	19.5
College Student	9	2.8
Public Employer	25	7.9
Entrepreneur	71	22.3
Farmer	151	47.5
<b>Total</b>	<b>318</b>	<b>100.0</b>

Sources: Primary data are processed, 2015

Table 2 showed that the respondents of this study is dominated by farmers with the number of 151 (47.5%), respondents who worked as a public employer was only 25 persons (7.9%), status as a school student chosen by 62 people (19.5%), and the respondents who worked as an entrepreneur as many as 71 people (22.3%). This happens because the population is more likely to work as farmers.

**Table 3. Respondents by Long Use**

<b>How Long</b>	<b>Total</b>	<b>Percent (%)</b>
< 1 year	43	13.5
1 – 3 years	135	42.5
3 – 5 years	100	31.4
> 5 years	40	12.6
<b>Total</b>	<b>318</b>	<b>100.0</b>

Sources: Primary data are processed, 2015

Table 3 stated that in fact many respondents in this study who have been faithfully using Nokia mobile products over 1-3 years was selected by 135 people with a percentage of 42.5%, and then 100 respondents with a percentage of 31.4% have chosen to 3-5 years of Nokia loyal mobile phones, the use of Nokia less than 1 year was chosen by 43 people or 13.5%, and the latter for over 5 years using Nokia chosen by 40 respondents with a percentage of 12.6%.

Validity test is used to measure whether a valid or invalid questionnaires (Ghozali, 2005). Valid means the instrument which is used to measure what can be

measured. A questionnaire is said to be valid if the questions in the questionnaire were able to reveal something that will be measured by the questionnaire. The test will examine the validity of each variable used in this study, where all the variables contained 3 questions and 11 statements that must be answered by the respondents.

**Table 4. Measurement Results of X<sub>1</sub>**

<b>Indicator</b>	<b>Corrected Item-Correlation</b>
Product Quality	
Indicator 1	0.358
Indicator 2	0.349
Indicator 3	0.504
Indicator 4	0.317
Indicator 5	0.404

Sources: Primary data are processed, 2015

The result in Table 4 showed that all point statements regarding the product quality (X<sub>1</sub>) that 5 indicators is valid because it showed more than 0.25, which means that all point statement can be used as a research instrument.

**Table 5. Measurement Results of X<sub>2</sub>**

<b>Indicator</b>	<b>Corrected Item-Correlation</b>
Product Price	
Indicator 1	0.454
Indicator 2	0.450
Indicator 3	0.348

Sources: Primary data are processed, 2015

The result in Table 5 showed that all point statement regarding the product price (X<sub>1</sub>) that 3 indicators is valid because it showed more than 0.25, which means that all point statement can be used as a research instrument.

**Table 6. Measurement Results of X<sub>3</sub>**

<b>Indicator</b>	<b>Corrected Item-Correlation</b>
Customer Loyalty	
- Indicator 1	0.418
- Indicator 2	0.382
- Indicator 3	0.348

Sources: Primary data are processed, 2015

The result in Table 6 showed that all point statement regarding the customer loyalty (Y) that 3 indicators is valid because it showed more than 0.25, which means that all point statement can be used as a research instrument.

**Table 7. Reliability Test Result**

<b>Variable</b>	<b>Cronbach Alpha</b>
Quality	0.735
Price	0.807
Loyalty	0.791

Sources: Primary data are processed, 2015

Reliability implies that an instrument can measure something that is measured consistently over time. Cronbach Alpha calculation tools can use a computer program SPSS version 16 using Alpha models. An instrument is said to be reliable if the alpha value is greater than 0.600 (Ghozali, 2009). The results showed that all variables have great enough Cronbach Alpha, is above 0.50 so it can be said that all the concepts for measuring each variable on the questionnaire are reliable so as to further each of these item fit for using as a measuring tool.

**Table 8. Model Summary**

<b>Model</b>	<b>R</b>	<b>R Square</b>	<b>Adjusted R Square</b>	<b>Std. Error</b>
1	.783 <sup>a</sup>	.647	.842	.68489

Sources: Primary data are processed, 2015

Regression analysis is a tool to predict the value of two or more independent variables effect on the dependent variable (to prove the existence of a functional relationship or a causal relationship between two or more independent variables). On this regression equation, the dependent variable is Nokia's customer mobile phone loyalty while the independent variable are the quality and price of

products. Table 8 suggested that the variables used in this study are only able to represent 64.7% of the other factors that affect customer loyalty.

**Table 9. Anova Result**

<b>Model</b>	<b>Sum of Squares</b>	<b>df</b>	<b>mean Square</b>	<b>F</b>	<b>Sig.</b>
Regression	25.459	2	12.729	27.137	0.000 <sup>a</sup>
Residual	147.759	315	0.469		
Total	173.218	317			

Sources: Primary data are processed, 2015

**Table 10. Coefficient**

<b>Coefficient</b>	<b>Sig.</b>
Quality	0.001
Price	0.000

Sources: Primary data are processed, 2015

Based on customer loyalty research model using regression analysis and the calculation result is known that variable of product price significantly affect customer loyalty is of 0.000 while for the next variable is the product quality directly affect to customer loyalty with significant values of 0.001.

Yuen & Chan (2010) found that only three dimensions (physical aspects, reliability, and problem solving) that related to customer loyalty. Devaraj, et.al (2001), Jahanshahi, et.al (2011) found a correlation between product quality to customer loyalty. Rizwan, et.al (2014) acknowledges service quality positively affecting customer satisfaction with perceived price acting as a moderating variable. In addition to that service quality also has a significant positive influence on trust. Customer satisfaction is a strong variable effecting customer loyalty and trust positively. Kassim, et.al (2014) found a significant relationship between perceived product quality and brand loyalty. Basir, et.al (2015) found quality of service has a positive and not significant effect on loyalty through customer satisfaction. Bell, et.al. (2005) found service quality, customer expertise, and perceived switching costs yield affects the customer's decision to be loyal for the products.



## CONCLUSION

Based on the results and discussion that has been stated previously, the conclusions of this study i.e. quality and price variable of products based on test validity and reliability test significantly influence to customer loyalty. Price has a positive and significant impact on customer loyalty while another independent variable i.e. the quality did not have a significant influence on customer loyalty based on the results of the regression test. The value of R Square in this study was 0.647. This means that a 64% variation of customer loyalty is explained by two independent variables while the remaining 36% is explained by other factors outside the research model. Based on the Anova test, independent variables in this study could be used as a measurement tool because the value was below 0.50.

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